Des crises générales et périodiques de surproduction. By JEAN LESCURE. Paris: L. Larose et L. Ternin, 1910. Pp. 620.

This is the most comprehensive work yet published upon the subject of the economic crisis. The investigation is primarily concerned with the "general crisis of over-production," defined as "the precise point of intersection of a period of activity, from three to five years long, with a period of depression of similar length" (p. 22). Lesser industrial and monetary disturbances are examined, but only with a view to learning more thoroughly every aspect of those more general and far-reaching upheavals which affect all the economic processes of production, exchange, distribution, and consumption.

The treatise consists primarily of two parts, one historical, the other theoretical. Two short additional sections deal with the influence of crises upon public finance and upon the working classes. A brief Part III suggests the general remedy for crises—the concentration of industry. An extensive bibliography appears at the close of the book. Though all these features add to the interest and usefulness of the study, its value lies largely in the two major divisions endeavoring directly to describe and explain the economic crisis.

The historical section is a thoroughgoing attempt to ascertain with precision the essential features of the phenomenon under investigation. The first crisis examined is that of 1810. Until the eighteenth century, production being largely agricultural, the general industrial and commercial crisis could not appear. The "famine crisis"—that is, the crisis of underproduction—not the crisis of overproduction, marked this earlier economy. Not until the nineteenth century was there periodic recurrence of crises of overproduction.

M. Lescure finds the historical data prior to 1810 too scanty for profitable use. The disturbances of 1810, 1815, and 1818 are described in barest outline. Though the crises of 1810 and 1818 are declared to be general crises of overproduction, that of 1825 is stated to be the first "worthy of the name." No mention is made of any crisis in the United States earlier than that of 1837; nor is there any detailed consideration, either of the United States or of Germany, until the crisis of 1873 is reached.

An examination of the historical section of the work—particularly of the latter part—gives the impression of unusual comprehensiveness. The conditions of all sorts of industries are described: mining, agriculture, building, manufacture, transportation. Banking and monetary forces and changes in the circumstances of the working classes are carefully examined, together with the influence of these changes upon marriage, poor relief, vagrancy, and crime. Unlike many of the treatises upon the subject, M. Lescure's cannot be said to be one-sided; it does not concentrate attention on any single phase of the economic cycle.

Two criticisms may nevertheless be made against this part of the work. In the first place, the matter presented, though comprehensive, is not adequately correlated. The relation of cause and effect is not always made clear; the individual phenomena are not sufficiently dovetailed. Secondly, too much reliance is placed upon secondary sources, particularly in the case of the United States. In narrating the experience of this country before 1900, M. Lescure draws almost exclusively, not only from secondary sources, but from foreign ones (Juglar, Leroy-Beaulieu, von Halle, etc.). Even in the account of the crisis of 1907, the

Financial Chronicle is almost the only American periodical to which reference is made. To this may be due the lack of proper proportion and perspective which at times mars the account of crises in the United States.

From the historical data examined, M. Lescure concludes that typically the economic cycle takes the following course: the period of activity is inaugurated by the stimulation of the production of capital goods through the flow of savings toward industry. Though the form of investment varies in different periods, the increased production of capital goods always leads sooner or later to larger incomes for the laboring class, in other words, for the mass of consumers. The demand for objects of consumption consequently increases. With the resulting increase of exchanges, there is an enlarged demand for money, met primarily by more bills of exchange, bank-notes, and checks. During the period of activity, the product and the income of all producers—capitalists and workmen—expand. Increased expenditures follow.

The crisis first appears in those industries developed during the last stage of the period of prosperity. These industries, based upon excessively optimistic predictions, fail to meet expectations. With the prospect of diminished profits (or even losses), savings desert industry. The demand for producers' goods weakens; prices, profits, incomes decline. Owing to economic solidarity, the crisis quickly spreads. Recovery becomes possible only when costs have been revised, capital values reduced, and industrial society generally rid of its weaker members.

Granting this to be the typical course of the economic cycle, what is the explanation of the phenomena? M. Lescure divides the various theories into two classes: (1) those basing their explanation upon the phenomena of circulation (money and credit); (2) those emphasizing the phenomena of production, consumption, and distribution. The former are summarily dismissed as remnants of mercantilism. "To attribute alternating prosperity and depression purely to the phenomena of money or of credit . . . . is to place the cart before the horse" (p. 450).

The second group of theories is treated more sympathetically. The various explanations of recurrent maladjustment between production and consumption are in turn critically analyzed. The largest element of truth is found in those theories which accentuate the influence of variations in the rate of profit. While objecting to the statement that "profits tend to a minimum," M. Lescure affirms that, during any period of activity, cost of production tends to increase more rapidly than price. Briefly stated, the cause of this is that increased production upon the whole meets increasing cost, while increased consumption encounters diminishing utility. This inevitably leads to diminished profits, which in turn dull the spirit of enterprise and finally convert prosperity into depression.

Though this treatment of the theory of crises is stimulating and sharply critical, it is not always convincing. The historical matter is not so presented as clearly to support and substantiate the theory. Instead, the two parts of the work seem to stand independently. Perhaps this is necessarily so in a historical account of such extensive scope, but it constitutes a serious defect in a work dealing with a subject upon which opinions so widely diverge. It seems to the reviewer that contributions to the theory of crises are more likely to proceed in the immediate future from more intensive studies of more limited scope. Cer-

tainly M. Lescure's work leaves ample room for a later, more convincing, and satisfactory analysis of this baffling phenomenon of modern industrialism—the economic crisis.

EDMUND E. DAY

HARVARD UNIVERSITY

An Agricultural Survey, Townships of Ithaca, Dryden, Danby, and Lansing, Tompkins County, New York. By G. F. WARREN AND K. C. LIVERMORE. Cornell University Agricultural Experiment Station, Bulletin No. 295. March, 1911. Pp. 192.

In this little monograph we have the record of a very systematic investigation of the business conditions of farming in what is nearly a typical eastern agricultural community. The central point of the investigation is what the authors denominate the "labor income" of the farmer, i.e., the income he receives above all expenses and losses, together with interest on his investment in land and working capital. The labor income, thus defined, varies from minus $200 for 1 per cent of the farmers investigated, to $2,000–$3,000 for 2 per cent. The average labor income is $423. It is the purpose of the authors to show what causes are responsible for the variations in the labor income.

To the average student of economics an easy explanation will occur: differential ability in management. The investigation shows, however, that while this point is not to be neglected, a far more important cause is the size of the business unit. Correlation of the capital unit with the labor income gives a curve of astonishing regularity. The labor income rises from an average of $200 with a capital of $2,000 to about $1,200 with a capital of $20,000. In general it may be said that, within the limits set by the conditions of this study, the larger the farm the better it pays.

Again, correlation of land values with the labor income brings out the fact that the dear land (though not the dearest) gives the largest opportunity for labor income. The tenant's position is especially favorable on the best lands; the poorest lands can hardly get tenants, under the existing conditions, and are chiefly farmed by owners.

To many of us one of the most interesting results is the apparent demonstration that the higher education, even though non-technical, pays if one is to be a farmer. Of the owners of farms, those whose education ended with the district school are earning labor incomes of $318. Those who secured a high-school education average $622. Five per cent of the former class are earning over $1,000; 20 per cent of the latter earn over $1,000. To exclude the possibility that the explanation is to be found in the better original financial position of the high-school men, the two groups are classified on the basis of capital. In every one of the seven classes thus formed, the high-school men have a distinct superiority.

Such studies as the one under review should be multiplied. A few hundred of them would give us a basis for new and fruitful generalizations on ground rent and land values, to supplement the excessively abstract principles which we accepted from the classical economics. They would throw a great deal of light